



U.S. Department of the Treasury  
Office of Foreign Assets Control



# NORTH KOREA

## What You Need To Know About Sanctions

### An overview of the Foreign Assets Control Regulations as they relate to North Korea Title 31 Part 500 of the U.S. Code of Federal Regulations

■ **INTRODUCTION** - The Foreign Assets Control Regulations (the "Regulations"), authorized under the Trading with the Enemy Act, established economic sanctions against the Democratic People's Republic of Korea ("North Korea") in 1950. They have been modified on several occasions, including June 19, 2000, as a result of President Clinton's September 17, 1999 decision to ease economic sanctions against North Korea in order to improve relations, to support the Agreed Framework, and to encourage North Korea to continue to refrain from testing long-range missiles. As a result of that decision, the Office of Foreign Assets Control ("OFAC") amended the Regulations to authorize transactions concerning certain North Korean property. On April 6, 2006, OFAC has added a provision to the authorization prohibiting U.S. persons from owning, leasing, operating or insuring any vessel flagged by North Korea. This provision is effective on May 8, 2006. Except for the provision, which does not apply to foreign subsidiaries of U.S. companies, the Regulations affect all U.S. citizens and permanent residents wherever they are located, all people and organizations physically in the United States, and all branches, subsidiaries and controlled affiliates of U.S. organization throughout the world. Criminal penalties for violating the sanctions range up to 10 years in prison, \$1,000,000 in corporate fines, and \$250,000 in individual fines. Civil penalties of up to \$65,000 per count may also be imposed.

This fact sheet is a broad summary of the Regulations.

■ **BUYING FROM NORTH KOREA** - Pursuant to Sections 73 and 74 of the Arms Export Control Act (22 U.S.C. 2797b-2797c), goods of North Korean origin may not be imported into the United States either directly or through third countries, without prior notification to and approval of the Office of Foreign Assets Control. Importers must provide OFAC with written information as to whether the products to be imported were produced by (a) a foreign person designated by the Secretary of State as having engaged in missile technology proliferation activities; (b) an activity of the North Korean Government relating to the development or production of any missile equipment or technology; or (c) an activity of the North Korean Government affecting the development or production of electronics, space systems or equipment, and military aircraft. In addition to the

information just described, importers seeking an approval letter from OFAC must provide their name, address, telephone, fax, and e-mail addresses; a description of the product to be imported, including quantity and cost; the name and address of the producer of the product; the name of the location where the product was produced; and the name and address of the North Korean exporter. Requests for import review must be submitted by mail to North Korea Unit, Office of Foreign Assets Control, U.S. Department of the Treasury, 1500 Pennsylvania Ave., NW, Annex, Washington, DC 20220. After reviewing the information, OFAC will issue a letter indicating the results of the review to the person seeking to import the product. U.S. depository institutions handling letters of credit or documentary collections involving imports from North Korea must obtain a copy of OFAC's approval letter from the importer before proceeding with such transactions. The letter must also be provided to the U.S. Customs Service before imports from North Korea will be allowed into the United States.

■ **TRANSACTIONS INVOLVING NORTH KOREAN VESSELS** - The amendment, effective May 8, 2006, prohibits U.S. persons from owning, leasing, operating, or insuring any vessel flagged by North Korea. The term "U.S. person" is more narrowly defined for purposes of this provision, excluding foreign subsidiaries of U.S. companies from the prohibition.

■ **SELLING TO NORTH KOREA** - The June 19, 2000 amendments to the Foreign Assets Control Regulations ended the ban on exports to North Korea, provided that any exports or reexports to North Korea are licensed or otherwise authorized by the Department of Commerce or other appropriate agencies.

■ **TRAVELING TO NORTH KOREA** - U.S. passports are valid for travel to North Korea and individuals do not need U.S. Government permission to travel there. All transactions ordinarily incident to travel to, from and within North Korea and to maintenance within North Korea are authorized. U.S. travel service providers are authorized to organize group travel to North Korea, including transactions with North Korean carriers.

■ **ACCOUNTS, ASSETS AND FINANCIAL TRANSACTIONS** - Property blocked as of June 16, 2000 remains blocked. All other

transactions are authorized, provided they meet the criteria outlined in the June 19, 2000 amendments to the Foreign Assets Control Regulations described elsewhere in this summary. Remitters and recipients need to know that transfers from the North Korean Government that constitute donations to U.S. persons or with respect to which a U.S. person knows, or has reasonable cause to believe, that the transfer poses a risk of furthering terrorist acts in the United States are still prohibited.

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This document is explanatory only and does not have the force of law. The Executive Orders and implementing regulations relating to North Korea contain the legally binding provisions governing the sanctions and this document does not supplement or modify those Executive Orders or regulations.

The Treasury Department's Office of Foreign Assets Control also administers sanctions programs involving the Balkans, Burma (Myanmar), Cuba, Diamond Trading, Iran, Iraq, Liberia, Sudan, Syria, Zimbabwe as well as highly enriched uranium, designated Terrorists and international Narcotics Traffickers, Foreign Terrorist Organizations and designated foreign persons who have engaged in activities relating to the proliferation of weapons of mass destruction. For additional information about these programs or about sanctions involving North Korea, please contact the:

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